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Citrus Annual

2016

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Report Highlights:

MY 2016/17 EU-28 citrus production is projected to reach 11MMT, meaning a growth of 3.3 percent when compared to MY 2015/16 mainly due to a 20 percent higher citrus production expected in Spain with 7.1 MMT, due to favorable weather conditions which more than make up for the 27 percent lower citrus production estimated in Italy . EU-28 orange production is forecast at 6 MMT, meaning 3 percent lower than MY 2015/16, because of lower Italian production. MY 2016/17 EU-28 orange juice production is forecast at 101,476 MT, an increase of 1.7 percent compared to the previous year mainly due to the rise of oranges for processing expected in Spain. MY 2016/17 EU-28 tangerine production is forecast to increase from the previous year by 8 percent reaching 3.3 MMT due to a 24 percent growth forecast in Spain despite the decline in Italy. MY 2016/17 EU-28 lemon and grapefruit productions are

forecast to rise by 22 and 11.6 percent respectively, thanks to the increased volumes expected mainly in all EU-28 citrus producers. To compensate for the loss of the Russian market, the EU-28, led by Spanish producers, has reoriented their citrus exports to new markets such as Brazil, United Arab Emirates, Saudi Arabia or China. _

Disclaimer: This report presents the outlook for citrus production, trade, consumption, and stocks for the EU-28. Unless stated otherwise, data in this report are based on the views of Foreign Agricultural Service analysts in the EU-28 and are not official USDA data.

This report would not have been possible without the valuable contributions from the following Foreign Service analysts:

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Harmonized System (HS) Codes:

Oranges 080510
Tangerines/Mandarins 080520
Lemons 080550
Grapefruits 080540
Orange Juice 200911, 200912, 200919

MY Marketing year:

Oranges	November/October
Tangerines	November/October
Lemons	November/October
Grapefruits	November/October
Orange Juice	November/October

Abbreviations used in this report:

CAP	Common Agricultural Policy
CMO	Common Market Organization
EC	European Commission
EU	European Union
FAS	Foreign Agricultural Service
FCOJ	Frozen Concentrated Orange Juice
GTA	Global Trade Atlas
MS	EU Member State

MT Metric ton (1,000 kg)
MMT Million Metric Tons
PS&D Production, Supply and Demand
USD U.S. Dollar

Commodities:

Oranges

Table 1: Production, Supply, and Demand (MT)

Oranges, Fresh European Union	2014/2015		2015/2016		2016/2017	
	Market Year Begin: Oct 2014		Market Year Begin: Oct 2015		Market Year Begin: Oct 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	286,908	288,280	287,870	288,750		288,802
Area Harvested	272,786	274,286	273,181	270,873		270,278
Production	5,954	5,954	6,055	6,241		6,048
Imports	926	927	900	964		960
Total Supply	6,880	6,881	6,955	7,205		7,008
Exports	297	297	310	319		300
Fresh Dom. Consumption	5,210	5,333	5,299	5,599		5,399
For Processing	1,373	1,251	1,346	1,287		1,309
Total Distribution	6,880	6,881	6,955	7,205		7,008

HECTARES, 1000 MT

Source: FAS Offices

Production

EU orange production is concentrated in the Mediterranean region. Spain and Italy represent nearly 80 percent of the EU's total production of oranges. The remaining 20 percent is distributed among other Member States (MS), such as Greece and Portugal. For MY 2016/17, EU-28 orange production is forecast at 6 MMT, 3 percent lower than MY 2015/16, because of the lower production expected mainly in Italy.

Spain is the primary orange producer in the EU-28. According to the latest data from the Spanish Ministry of Agriculture, Fisheries, Environment and Food (MAPAMA), Spain's MY 2016/17 orange production is forecast at 3.6 MMT, an increase of 17.6 percent compared to the previous campaign due to optimal spring weather conditions which resulted in improved flowering and fruit setting. Fruit quality is expected to be good. Recent rainfalls could improve the fruit caliber. The main Spanish orange producing areas are the Regions of Valencia, Andalusia, and Murcia with an expected increase in orange production for MY 2016/17 of 19 percent, 17.3 percent and 18 percent respectively. Valencia and Andalusia account for approximately 90 percent of Spanish orange production. Spanish producers try to cover the whole marketing year by growing both *early* and *late* varieties to extend the fruit availability. *Naveline*, *Navel*, *Navelate*, *Salustiane*, *Valencia* and *Sanguinello* are the leading orange varieties grown in Spain.

After several years in a row of an economic crisis in the orange sector it leads to abandon the orange production in the Region of Valencia substituting it by more profitable productions such as kaki persimmon and kiwi. According to MAPAMA in the Region of Valencia there is a decrease of almost 3,500 ha of orange production in the last 5 years due to the lack of profitability. Instead, in Andalusia the hectares of orange production remain stable for this same period.

Italy is the second largest European orange producer after Spain. Sicily and Calabria are the main orange-producing areas, accounting for 59 and 22 percent of total production, respectively. *Tarocco*, *Moro*, *Sanguinello*, *Naveline*, and *Valencia* are the leading orange varieties grown in the country. Moreover, *Ippolito* and *Meli* cultivars are gaining popularity. Italy's MY 2016/17 orange production is forecast to drop severely by 38 percent compared to MY 2015/16 due to lack of summer rains and the Citrus Tristeza Virus (CTV) that affected approximately 45,000 hectares (ha) of citrus groves in the provinces of Catania and Siracusa (Sicily). However, rainfall in September and October proved particularly beneficial for fruit caliber and quality is expected to be excellent. Furthermore, the introduction of new varieties and rootstocks of great quality enabled Italy to extend the production calendar.

Greece's MY 2016/17 orange production is expected to slightly decrease by 1.1 percent compared to the previous year, due to unsatisfactory fruit set of Navel and Commons varieties. Peloponnese and Etoloakarnania (western Greece) are the main orange-producing areas. *Washington Navel*, *Commons*, *Skaggs Bonanza*, *Navelina*, *New Hall*, *Lanelate*, and *Valencia* are the chief varieties grown in Greece.

Portugal's MY 2016/17 orange production is forecast to remain stable compared to previous year with good quality according to Portuguese official data.

Cyprus's MY 2016/17 orange production is forecast to increase by almost 30 percent from the previous year. Note that Cyprus data in area and production has been updated according to Eurostat official figures.

Table 2: EU-28 Fresh Oranges Production by Country and Year (MT)

Country	MY 2014/15	MY 2015/16	MY 2016/17
Spain	3,483,600	3,086,800	3,629,700
Italy	1,360,000	1,937,000	1,200,000
Greece	859,000	920,300	910,000

Portugal	219,000	265,000	266,000
Cyprus	33,300	32,800	42,550
Total Production	5,954,900	6,241,900	6,048,250

Source: FAS offices

Consumption

EU-28 oranges are mainly consumed fresh. MY 2016/17 EU-28 fresh orange consumption is forecast at almost 5.4 MMT. In addition, it is estimated a slight rise of volumes to be sent to the industry (1.3 MMT in MY 2016/17) due to higher volume of oranges with expected lower calibers. **Spain's** MY 2016/17 fresh orange consumption remains stable, while the quantity of oranges to be processed is expected to be 23 percent higher to absorb the increase in production. Spain's per capita orange consumption is estimated at approximately 20 kg. In Spain, most oranges are consumed fresh, especially *Navelina* and *Navelate* varieties. *Valencia Late* varieties are predominantly used in processing. **Italy's** MY 2016/17 fresh orange consumption is forecast to decrease with also fewer oranges expected to be sent to the industry due to the estimated decline of orange supply. Most oranges are consumed fresh. Blood varieties (*Tarocco*, *Moro*, and *Sanguinello*) are used primarily for fresh consumption. Late varieties (*Ovale* and *Valencia*) are destined to both processing and fresh markets. **Greece's** MY 2016/17 orange consumption is expected to increase driven by the high production. Most oranges are consumed fresh through open markets and grocery stores. **Portugal's** MY 2016/17 total orange consumption is forecast to remain stable.

Trade

The EU-28 is a net importer of oranges. During MY 2015/16, the EU-28 imported 964,389 MT of oranges or almost 4 percent higher compared to previous season and valued at USD 658.5 million, 1.8 percent lower. South Africa and Egypt continued to be the leading suppliers to the EU-28 market, followed by Morocco, Argentina and Uruguay. On May 27, 2014, the Plant Health Standing Committee of the European Commission decided to increase the control measures on South African citrus exports to the EU-28. EU-28 orange imports from South Africa are increasing in the last years in The Netherlands, United Kingdom and Portugal while Spain is experiencing a total reduction of orange imports from South Africa in the same period. During MY 2015/16, the EU-28 exported 319,080 MT of oranges or 7.5 percent more compared to previous year and valued at USD 221.8 million, 8.36 percent more, mainly to Switzerland, Serbia and Norway. Due to the Russian ban, EU-28 orange exports MY 2014/15 decrease 85 percent both quantity and value meaning a loss of USD 25 million and continue with the downward trend in MY 2015/16.

Spain is the major European orange producer and exporter of oranges within the EU-28 with 1,873,098 MT in MY 2014/15, which means a rise of 14 percent compared to the previous year and valued 1 percent less. The main market is other EU-28 countries, with 92 percent of their total exports of

oranges. Exports of Spanish oranges to China have experienced important increases in the last 3 years, reaching until October/August 2015/16 10,010 MT or 246 percent more compared to the same period of previous year. Meanwhile, Spanish exports of oranges to Algeria decreased by almost 65 percent in October/August 2015/16 compared to last period.

Italy's MY 2014/15 orange imports (214,085 MT) went up by 37 percent than the previous campaign, mainly because of increased volumes from Spain (+47 percent), the leading supplier to the Italian orange market, accounting for approximately 67 percent of total imports. Italy's MY 2014/15 orange exports remained flat at 119,565 MT, mainly to Germany, Switzerland, Austria, and France.

In **Greece**, MY 2015/16 data shows a 10-years record increase in orange exports driven by higher production and develop of new markets; Greece exports oranges, mainly to Romania, Germany and Poland. Greece's orange imports mainly come from South Africa (1,826 MT)

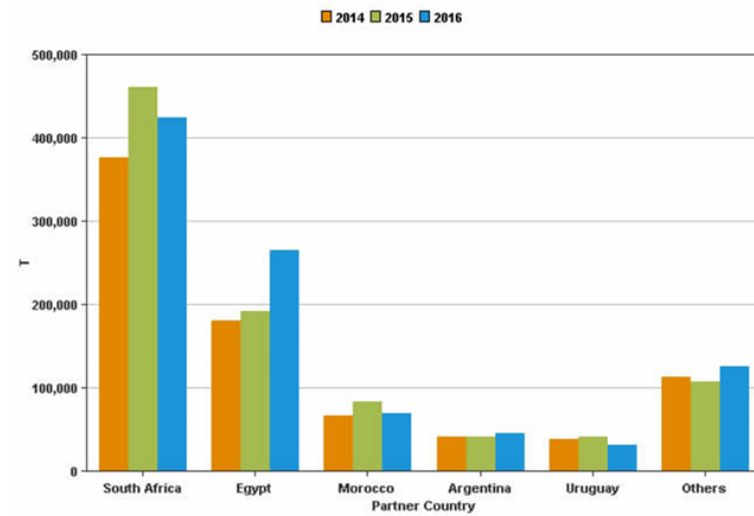
Table 3: EU-28 Imports of Oranges by Origin in MT

Country of Origin	MY 2013/14	MY 2014/15	MY 2015/16
South Africa	376,467	461,816	425,247
Egypt	181,172	192,925	266,026
Morocco	67,224	83,298	69,697
Argentina	41,806	40,875	45,791

Uruguay	39,228	41,641	31,177
Others	113,606	107,120	126,451
Total Imports	819,503	927,675	964,389

Source: Global Trade Atlas (GTA).

Graph 1. EU-28 Imports of Oranges by Origin in MT



Source: GTA

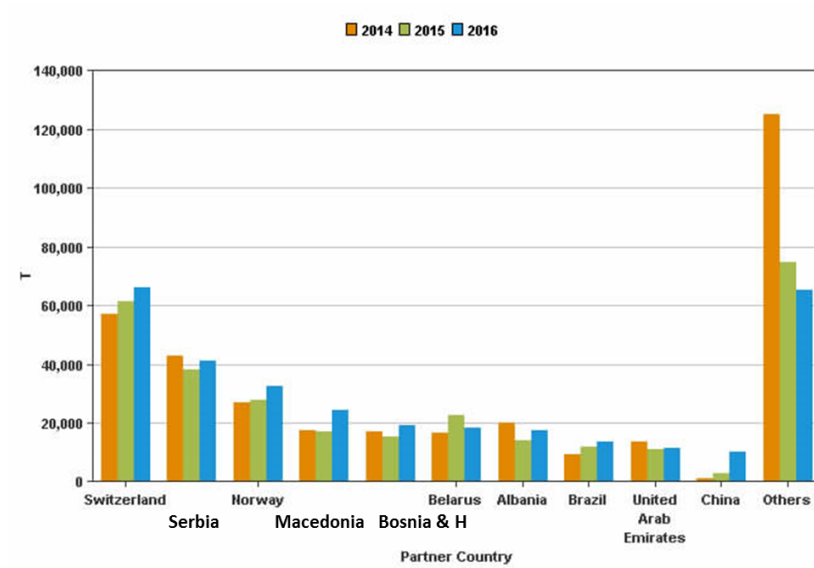
Table 4: EU-28 Exports of Oranges by Destination in MT

Country of Destination	MY 2013/14	MY 2014/15	MY 2015/16
Switzerland	57,192	61,223	66,251
Serbia	42,733	38,163	41,252
Norway	26,767	27,934	32,411
Macedonia	17,295	17,106	24,176
Bosnia & Herzegovina	16,950	15,384	19,278

Others	185,378	137,019	135,712
Total Exports	346,315	296,829	319,080

Source: GTA

Graph 2. EU-28 Exports of Oranges by Destination in MT



Source: GTA

To compensate for the loss of the Russian market, the EU-28 has reoriented their orange exports to new markets such as Brazil, United Arab Emirates, Saudi Arabia or China arriving mainly from Spain.

Orange Juice

Table 5: Production, Supply, and Demand (Brix 65)

Orange Juice European Union	2014/2015		2015/2016		2016/2017	
	Market Year Begin: Oct 2014		Market Year Begin: Oct 2015		Market Year Begin: Oct 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	1,373,000	1,251,000	1,346,000	1,287,000		1,309,000
Beginning Stocks	15,000	15,000	15,000	15,000		15,000
Production	106,438	96,980	104,345	99,771		101,476

Imports	825,000	889,659	705,000	776,873		775,000
Total Supply	946,438	1,001,639	824,345	891,644		891,476
Exports	49,941	49,867	50,000	52,015		52,000
Domestic Consumption	881,497	936,772	759,345	824,629		824,476
Ending Stocks	15,000	15,000	15,000	15,000		15,000
Total Distribution	946,438	1,001,639	824,345	891,644		891,476
MT						

Source: FAS Offices

Production

MY 2016/17 EU-28 orange juice production is forecast at 101,476 MT, an increase of 1.7 percent compared to the previous year as more oranges are expected to be processed mainly due to Spanish growth. The total volume of oranges channeled to processing depends on crop quality and quantity of oranges destined for the fresh market, both domestic and foreign.

Consumption

While orange juice is the most popular juice within the EU-28, it competes with other non-alcoholic drinks and juices made from other fruits. Despite the reduction on the purchasing power and the competition of other drinks, MY 2016/17 EU-28 orange juice consumption is forecast to be stable. The convenience of orange juice is reflected in its better adaptation to modern consumption habits than whole fresh oranges. Fourteen countries within the EU-28, among them Spain, are developing a promotional campaign called “*Fruit Juice Matters*” (www.fruitjuicematters.eu) to increase the fruit juice consumption and perception. In Spain the promotional campaign with private funds is called “*Zumo de Fruta en Serio*” developed by ASOZUMOS, the Spanish Association of Fruit Juice.

Trade

The EU-28 is a net importer of orange juice. During MY 2015/16, the EU-28 imported 776,873 MT of orange juice, valued at approximately USD1.4 billion. Brazil confirmed to be the leading supplier to the EU-28 market, representing 90 percent of total imports. Follow Mexico, the United States representing 2 percent of the total imports valued at USD 38.5 million meaning 8 percent lower than previous year, and South Africa. Swiss imports of EU-28 orange juice have decreased in the last 2 years. In MY 2015/16, the EU-28 exported 52,015 MT of orange juice, valued at USD128 million, with Saudi Arabia, Japan, Switzerland and Algeria as the main destinations.

Table 6: EU-28 Imports of Orange Juice by Origin in MT (Brix 65)

Country of Origin	MY 2013/14	MY 2014/15	MY 2015/16
Brazil	915,190	811,593	699,302
Mexico	28,128	19,507	21,399

United States	52,073	17,760	17,000
South Africa	11,941	11,873	12,024
Others	43,527	28,924	27,145
Total Imports	1,050,862	889,659	776,873

Source: GTA

Table 7: EU-28 Exports of Orange Juice by Destination in MT (Brix 65)

Country of Destination	MY 2013/14	MY 2014/15	MY 2015/16
Saudi Arabia	7,002	5,447	6,521
Japan	3,822	5,447	5,781
Switzerland	5,621	3,420	3,515
Algeria	5,140	3,731	3,108
Others	35,519	33,538	36,503
Total Exports	57,104	49,867	52,015

Source: GTA

Tangerines/Mandarins

Table 8: Production, Supply, and Demand (MT)

Tangerines/Mandarins, Fresh European Union	2014/2015		2015/2016		2016/2017	
	Market Year Begin: Oct 2014		Market Year Begin: Oct 2015		Market Year Begin: Oct 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	160,483	160,291	160,943	158,120		158,148
Area Harvested	153,719	153,558	150,785	150,865		150,862
Production	3,474	3,474	3,035	3,054		3,302
Imports	367	367	400	420		350
Total Supply	3,841	3,841	3,435	3,474		3,652
Exports	287	287	260	250		260

Fresh Dom. Consumption	3,159	3,206	2,847	2,922		3,064
For Processing	395	348	328	302		328
Total Distribution	3,841	3,841	3,435	3,474		3,652

Source: FAS Offices

Production

MY 2016/17 EU-28 tangerine production is forecast to increase from the previous year 8 percent reaching 3.3 MMT, because of the growth expected in Spain.

According to the latest data from the Spanish Ministry of Agriculture, Fisheries, Environment and Food (MAPAMA), **Spain's** MY 2016/17 tangerine production is forecast to increase by 24 percent at 2.4 MMT compared to the previous campaign due to weather conditions and the growth expected in the Region of Valencia. Late rainfalls could improve the calibers of the fruit. Spain's main tangerine-producing areas are the Regions of Valencia, Andalusia, and Catalonia with an estimated increase in tangerine production of 29 percent in the Region of Valencia and an expected decline of 9 percent in Andalusia. New *early* and *late* varieties continue being developed to extend the fruit availability.

Italy's tangerine production consists of over 80 percent seedless clementines and nearly 20 percent mandarins. Calabria, Sicily, and Apulia are Italy's main tangerine-producing areas, accounting for 50, 23, and 14 percent of total production, respectively. *Comune* or *Oroval* and *Monreal* are the leading clementine varieties grown in the country. *Avana* and *Tardivo di Ciaculli* are the chief mandarin cultivars. Italy's MY 2016/17 tangerine production is forecast to drop by 25 percent than the previous campaign due to lack of summer rains and the Citrus Tristeza Virus (CTV) that affected approximately 45,000 hectares (ha) of citrus groves in the provinces of Catania and Siracusa (Sicily). However, quality is forecast to be good, thanks to beneficial late summer rainfall.

Greece's MY 2016/17 tangerine production is expected to decrease 9.9 percent comparing to the previous year, due to unsatisfactory fruit set. The loss will be mainly in the Peloponnese area, while in the Western Greece areas of Igoumenitsa, Arta, Mesologgi, and Thesprotia the loss will be moderate due to the new plantations entering to production. *Clementine* is the major tangerine variety grown in Greece; new plantations include *Nova*, *Page* and *Ortanique* varieties.

According to Eurostat **Cyprus's** MY 2016/17 tangerine production is forecast to remain stable compared to the previous year. Note that Cyprus data in area and production has been updated according to Eurostat official figures.

According to Portuguese official data **Portugal's** MY 2016/17 tangerine production is forecast to remain stable, with normal calibers and quality. The Region of Algarve accounts for 80 percent of the total producing area.

Table 9: EU-28 Fresh Tangerines Production by Country and Year (MT)

Country	MY 2014/15	MY 2015/16	MY 2016/17
Spain	2,389,900	1,972,300	2,446,200
Italy	866,000	836,000	626,000
Greece	140,300	161,500	145,000
Cyprus	39,000	44,000	44,000
Portugal	39,000	41,000	41,000
Total Production	3,474,200	3,054,800	3,302,200

Source: FAS Offices

Consumption

EU-28 tangerines are mainly consumed fresh. MY 2016/17 EU-28 fresh tangerine consumption and for processing are forecast to increase in line with the rise in production. **Spain's** MY 2016/17 fresh tangerine consumption is expected to increase as well as tangerines for processing due to the higher supply compared to last year. **Italy's** MY 2016/17 fresh tangerine consumption is forecast to slightly decrease from previous year driven by the decreased production. Italians consume large quantities of clementines and mandarins during winter holidays when the bulk of production hits the market. **Greece's** MY 2016/17 tangerine fresh consumption is forecast to remain flat comparing to the previous year. Most tangerines are consumed fresh. *Clementines* are consumed mainly along the west coast and cover early and late season demand, both domestically and abroad. Late varieties *Nova* and *Page* cover the late season demand, when saturation from *Clementines* occurs.

Trade

The EU-28 is a net importer of tangerines. During MY 2015/16, the EU-28 imported 420,520 MT of tangerines meaning 14.5 percent more than previous year, valued at USD 482 million. Morocco and South Africa continue to be the leading suppliers to the EU-28 market, followed by Israel, Turkey and Peru. Imports from the United States in MY 2015/16 decreased almost 40 percent valued at USD 5 million. During MY 2015/16, the EU-28 exported 12.80 percent fewer tangerines with 249,960 MT valued at USD 222 million, mainly to Switzerland, Ukraine, Belarus, Norway and the United States. Exports to the United States coming mainly from Spain in MY 2015/16 decreased 28 percent with 23,302 MT valued at USD 25 million. MY 2014/15 EU-28 tangerine exports to Russia continue in the downward trend as a consequence of the Russian ban since August 7, 2014, meaning a loss of USD 106 million compared to MY 2012/13.

Spain, the leading EU tangerine producer and exporter, exported 11 percent less with 1,488,272 MT of tangerines in MY 2015/16 (October/August), of which 91 percent was sent to other EU Member States. Spanish exports of tangerines to the United States continue in a downward trend since 2010 due to strict and expensive measures for the Spanish mandarins to be exported to the U.S., high competition with

mandarins from Morocco and logistic issues. Instead Spanish exports of mandarins to Asia follow an upward trend as alternative markets with important increase in MY 2015/16 to China.

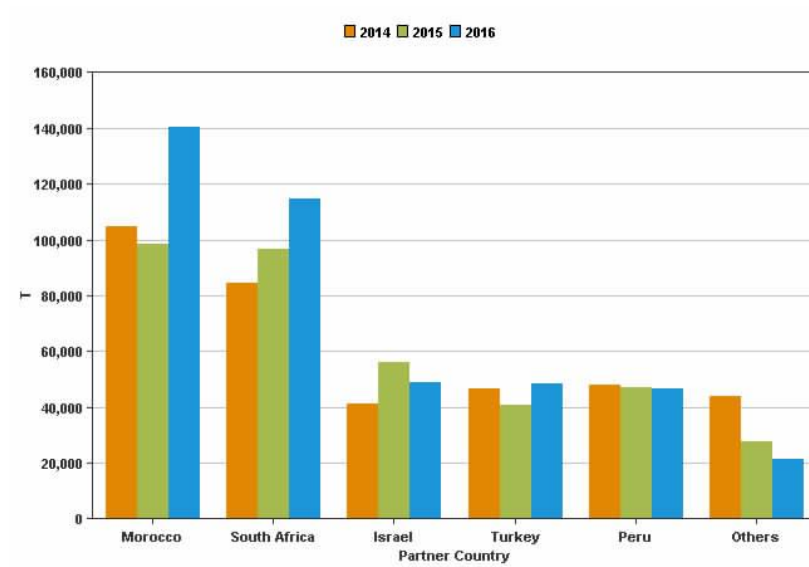
Table 10: EU-28 Imports of Tangerines by Origin in MT

Country of Origin	MY 2013/14	MY 2014/15	MY 2015/16
Morocco	104,646	98,442	140,265
South Africa	84,396	96,871	114,851
Israel	41,397	56,326	48,761
Turkey	46,779	40,928	48,489
Peru	48,040	46,958	46,620
Uruguay	16,914	10,313	5,729
Argentina	12,182	4,084	3,938
United States	5,096	6,347	3,840
Others	9,825	6,989	8,027

Total Imports	369,275	367,258	420,520
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Source: GTA

Graph 3. EU-28 Imports of Tangerines by Origin in MT



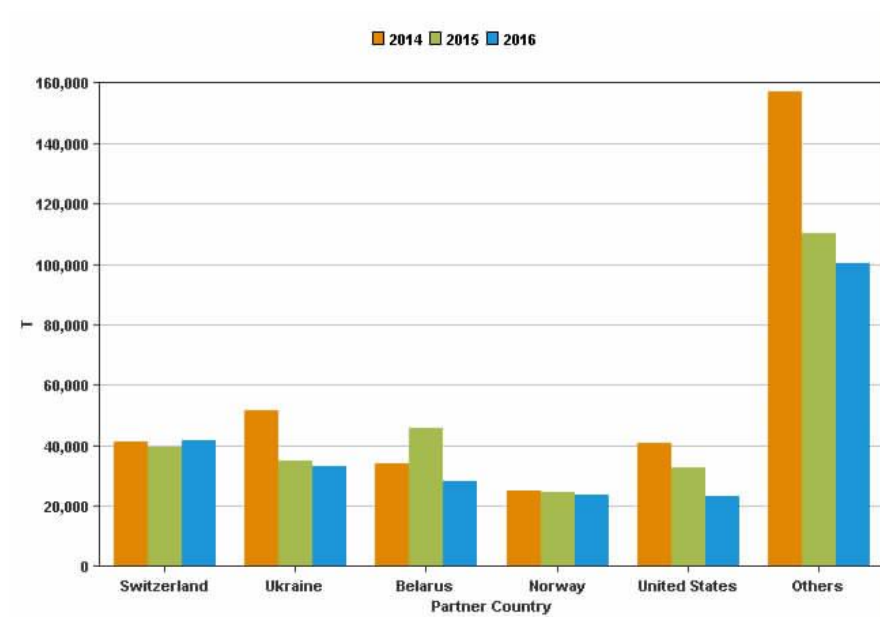
Source: GTA

Table 11: EU-28 Exports of Tangerines by Origin in MT

Country of Destination	MY 2013/14	MY 2014/15	MY 2015/16
Switzerland	41,351	39,414	41,626
Ukraine	51,473	34,872	32,905
Belarus	33,952	45,534	28,141
Norway	25,132	24,349	23,666
United States	40,568	32,487	23,302
Serbia	19,645	21,971	17,514
Canada	9,854	18,122	16,545
Bosnia & Herzegovina	15,270	17,842	14,591
Others	112,393	52,052	51,670
Total Exports	349,638	286,643	249,960

Source: GTA

Graph 4. EU-28 Exports of Tangerines by Destination in MT



Source: GTA

Lemons

Table 12: Production, Supply, and Demand (MT)

Lemons/Limes, Fresh European Union	2014/2015		2015/2016		2016/2017	
	Market Year Begin: Oct 2014		Market Year Begin: Oct 2015		Market Year Begin: Oct 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	73,034	72,434	72,561	71,471		71,484
Area Harvested	62,906	62,377	63,115	61,774		62,446
Production	1,598	1,598	1,260	1,269		1,554
Imports	399	399	400	549		400
Total Supply	1,997	1,997	1,660	1,818		1,954
Exports	105	105	100	68		90
Fresh Dom. Consumption	1,511	1,539	1,379	1,524		1,553
For Processing	381	353	181	226		311

Total Distribution	1,997	1,997	1,660	1,818		1,954

Source: FAS Offices

Production

MY 2016/17 EU-28 lemon production is forecast to grow by 22 percent at 1.5 MMT, thanks to the increased volumes expected in Spain and Italy.

According to the latest data from the Spanish Ministry of Agriculture, Fisheries, Environment and Food (MAPAMA), **Spain's** MY 2016/17 lemon production is forecast at 954,200, an increase of 17.6 percent compared to the previous year recovering the normal production parameters and being the largest lemon EU-28 producer. The rise is due to favorable weather conditions and the entry of new plantations in the last years. Spain will continue to consolidate its leading commercial position in Europe with quality and sanitary guarantee. Spain is the second largest lemon producer in the world, after Argentina, maintaining the world leader position of lemon exports for fresh consumption with increasing prices, resulting in an efficient lemon production. Fruit quality is forecast to be satisfactory. Lemon production is concentrated in the regions of Murcia and Valencia, and the Provinces of Malaga and Almeria in Andalusia. *Fino* and *Verna* are the leading lemon varieties grown in Spain, accounting for 70 and 30 percent of the total production, respectively. The *Fino* variety is predominantly used in processing.

Italy is the second largest European lemon producer after Spain. Sicily is the main lemon-producing area, accounting for 86 percent of domestic production. *Femminello Commune* (*F. Zagara Bianca*, *F. Siracusano*, and *F. S. Teresa*), *Monachello*, and *Interdonato* are the leading lemon varieties grown in the country. Italy's MY 2016/17 lemon production is forecast to be 'on average' compared to the poor MY 2015/16 campaign, thanks to autumn rainfall that proved particularly beneficial for fruit quality and calibers.

Greece's MY 2016/17 lemon production is expected to further increase 15.3 percent after last season and current season very good yields. The main lemon-producing areas include the prefectures of Achaia, Korinthos, Crete, and Laconia, located in southern Greece. The major lemon variety grown in Greece is *Maglini*, whose fruit is strongly aromatic, with a quite sour juice. It has a thin, shiny peel and when fully ripe has a yellow color. The early variety *Interdonato*, and *Eureka* are also grown in Greece.

Cyprus's and **Portugal's** MY 2016/17 lemon production is expected to remain stable according to Eurostat and to Portuguese official data, with normal calibers and quality.

Table 13: EU-28 Fresh Lemons/Limes Production by Country and Year (MT)

Country	MY 2014/15	MY 2015/16	MY 2016/17
Spain	1,089,000	775,800	954,200
Italy	429,000	394,000	490,000

Greece	55,700	68,500	79,000
Portugal	13,000	16,000	16,000
Cyprus	11,000	15,000	15,000
Total Production	1,597,700	1,269,300	1,554,200

Source: FAS Offices

Consumption

EU-28 lemons are mainly consumed fresh. MY 2016/17 EU-28 fresh lemon consumption is forecast to remain stable with an estimated growth in lemons for processing due to an increase in total supply. EU-28 per capita lemon consumption stands at 2.7 kg. Greece has become increasingly reliant on imported lemon juice to meet consumer demand for soft drinks. The yield for lemon juice is 15-17 Kg of fresh lemons to produce 1 Kg of lemon juice, depending on the quality of the fruit.

Trade

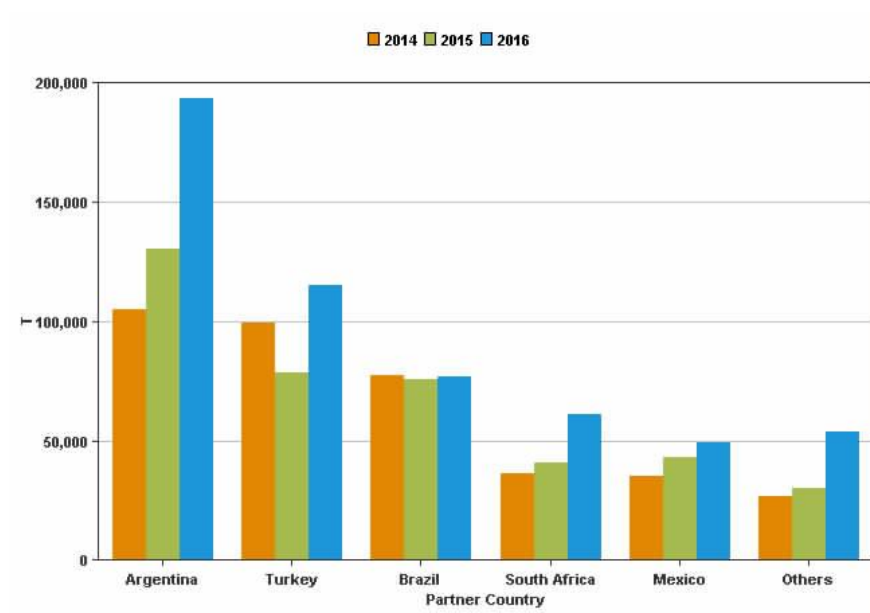
The EU-28 is a net importer of lemons. During MY 2015/16, the EU-28 imported 549,778 MT of lemons or almost 40 percent more, valued at USD 837 million or 62 percent increase compared to last year. Argentina, Turkey, and Brazil continue to be the leading suppliers to the EU-28 market, followed by South Africa and Mexico. EU-28 lemon imports from Morocco and Tunisia experienced an important increase in MY 2015/16. During MY 2015/16, the EU-28 exported 68,521 MT of lemons or 35 percent less due to a decline in total supply, valued at USD 99 million or 12 percent less, mainly to Switzerland, Belarus, Norway and Canada. Spain, the leading EU lemon producer, exported 23 percent less lemons than previous campaign in MY 2015/16 due to a decline in Spanish production and reaching 521,087 MT. However, the value was 11 percent more with USD 804 million confirming the leading commercial position of Spanish lemons, of which 94 percent was sent to other EU Member States.

Table 14: EU-28 Imports of Lemons by Origin in MT

Country of Origin	MY 2013/14	MY 2014/15	MY 2015/16
Argentina	105,153	130,648	193,519
Turkey	99,447	78,840	115,365
Brazil	77,333	75,950	76,715
South Africa	36,370	40,787	60,976
Mexico	35,114	42,950	49,215
Others	26,756	29,927	53,988
Total Imports	380,173	399,102	549,778

Source: GTA

Graph 5. EU-28 Imports of Lemons by Origin in MT



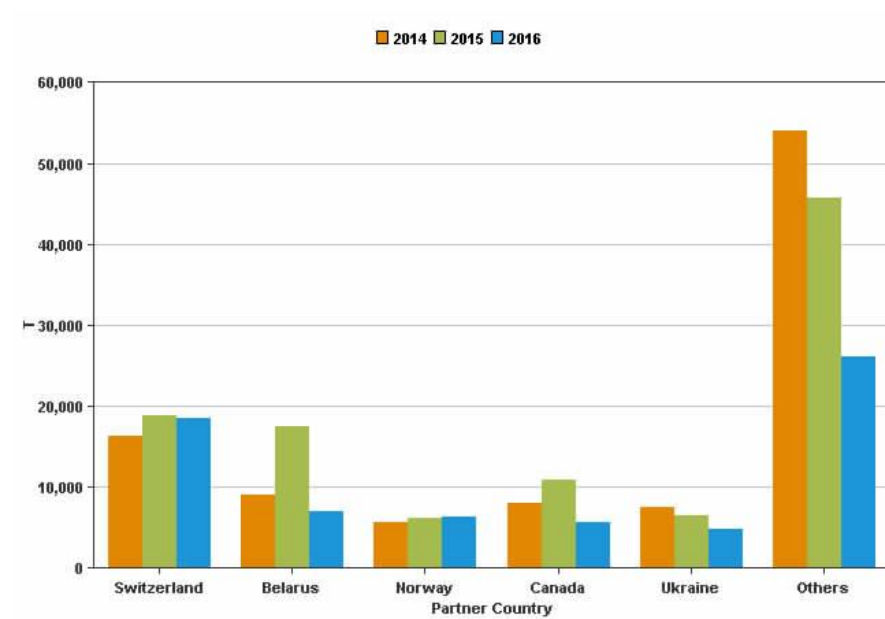
Source: GTA

Table 15: EU-28 Exports of Lemons by Origin in MT

Country of Destination	MY 2013/14	MY 2014/15	MY 2015/16
Switzerland	16,370	18,888	18,529
Belarus	8,994	17,477	6,968
Norway	5,649	6,111	6,372
Canada	8,039	10,878	5,674
Ukraine	7,596	6,537	4,824
Others	53,955	45,699	26,154
Total Exports	100,603	105,590	68,521

Source: GTA

Graph 6. EU-28 Exports of Lemons by Destination in MT



Source: GTA

Grapefruit

Table 16: Production, Supply, and Demand (MT)

Grapefruit, Fresh European Union	2014/2015		2015/2016		2016/2017	
	Market Year Begin: Oct 2014		Market Year Begin: Oct 2015		Market Year Begin: Oct 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	3,206	3,208	3,050	3,275		3,273
Area Harvested	2,416	2,450	2,494	2,403		2,490
Production	109	109	97	102		115
Imports	339	339	350	363		335
Total Supply	448	448	447	465		450
Exports	15	15	15	13		15
Fresh Dom. Consumption	415	415	415	434		416
For Processing	18	18	17	18		19
Total Distribution	448	448	447	465		450
HECTARES, 1000 MT						

Source: FAS Offices

Production

MY 2016/17 EU-28 grapefruit production is forecast to reach 115,000 MT, a rise of almost 13 percent compared to MY 2015/16, due to the significant production increase projected in Spain, the main grapefruit producer. **Spain's** MY 2016/17 grapefruit production is forecast to increase by 17 percent according to MAPAMA. Leading grapefruit producing areas include the Regions of Murcia, Andalusia, and Valencia, representing 45, 35, and 20 percent of total production, respectively. *Ruby Red* is the main grapefruit variety planted in Spain.

Cyprus's *White Marsh Seedless*, mostly grown in the Limassol area, is the leading Cypriot grapefruit variety. New plantations have been established in the district of Paphos where the *Red* varieties (*Star Ruby*, *Red Blush*, and *Rio Red*) have been introduced to meet the increased market demand. MY 2016/17 grapefruit production is forecast to remain stable.

Italy's MY 2016/17 grapefruit production is forecast to reach 5,000 MT, a 2 percent increase from the previous campaign.

Greece's MY 2016/17 grapefruit production is expected to recover. Greek's prefectures of Corinth and Kavala, the region of Thessaly, and the island of Crete are the major grapefruit-producing areas.

Table 17: EU-28 Fresh Grapefruit Production by Country and Year (MT)

Country	MY 2014/15	MY 2015/16	MY 2016/17
Spain	77,900	68,700	80,400
Cyprus	20,000	24,000	24,000
Greece	5,900	4,500	6,000
Italy	5,400	4,900	5,000
Portugal	200	200	200
Total Production	109,400	102,300	115,600

Source: FAS Offices

Consumption

EU-28 grapefruits are mainly consumed fresh with a consumption significantly surpassing grapefruit production. MY 2016/17 EU-28 fresh grapefruit consumption is forecast to remain stable at approximately 416,000 MT. Grapefruits for processing is estimated at 19,000 MT for MY 2016/17.

Trade

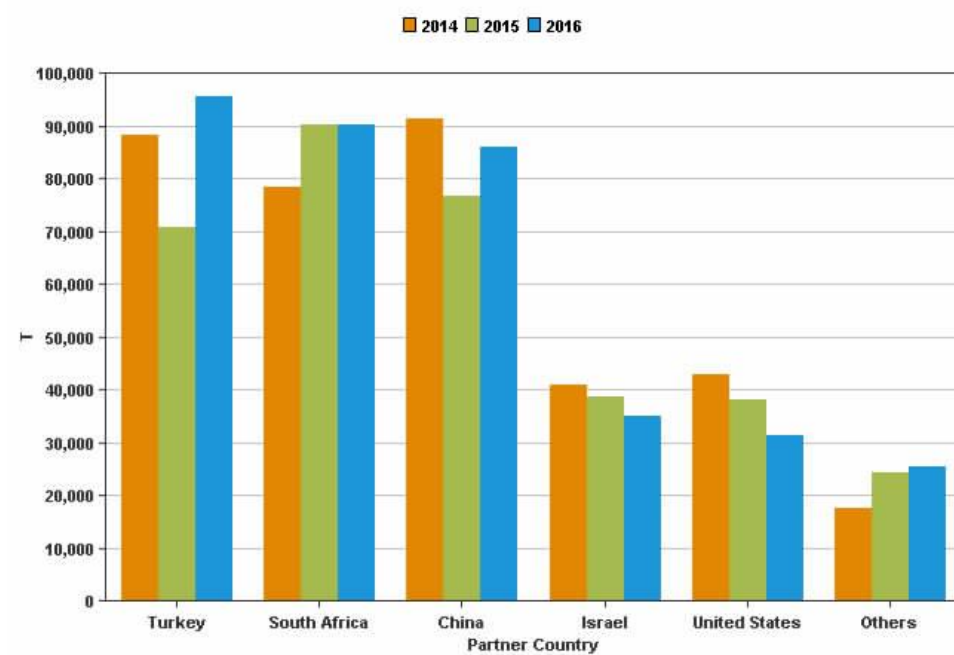
The EU-28 is a net importer of grapefruits. During MY 2015/16, the EU-28 imported 363,847 MT of grapefruits or 7 percent higher compared to previous year, valued at USD 310 million. Turkey, South Africa, China and Israel were the leading suppliers to the EU-28 market, followed by the United States. Imports from the United States were valued at USD 38 million. During MY 2015/16, the EU-28 exported 13,577 MT of grapefruits or 8 percent lower compared to previous year and valued at USD 13 million, mainly to Switzerland, Belarus and Ukraine. Exports to Russia decreased 71 percent in MY 2015/16.

Table 18: EU-28 Imports of Grapefruits by Origin in MT

Country of Origin	MY 2013/14	MY 2014/15	MY 2015/16
Turkey	88,248	70,864	95,736
South Africa	78,380	90,406	90,393
China	91,513	76,639	85,932
Israel	41,034	38,755	34,967
United States	42,998	38,270	31,421
Others	17,668	24,433	25,389
Total Imports	359,841	339,367	363,847

Source: GTA

Graph 7. EU-28 Imports of Grapefruits by Origin in MT



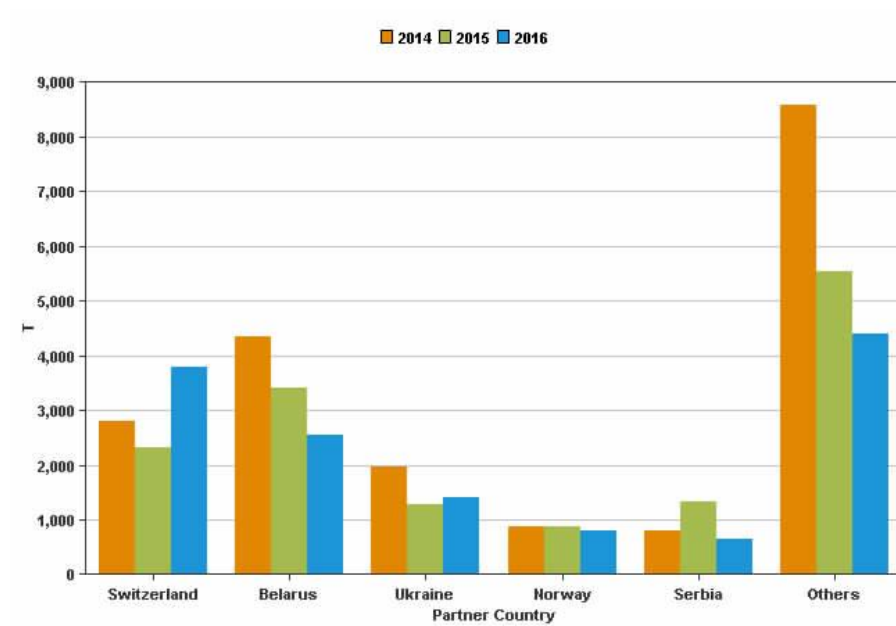
Source: GTA

Table 19: EU-28 Exports of Grapefruits by Origin in MT

Country of Destination	MY 2013/14	MY 2014/15	MY 2015/16
Switzerland	2,801	2,319	3,781
Belarus	4,356	3,405	2,556
Ukraine	1,965	1,279	1,404
Others	10,261	7,741	5,836
Total Exports	19,383	14,744	13,577

Source: GTA

Graph 8. EU-28 Exports of Grapefruits by Destination in MT



Source: GTA

EU Policy

The first part of the following policy section focuses on the new single Common Market Organization (CMO), which is part of the first pillar of the Common Agricultural Policy (CAP), and any other policy related issues that are relevant to the citrus fruit sector. The second part explains the EU measures that were taken in response to the Russian embargo.

I. EU Policy Related to Citrus Fruit

1. The New Common Agriculture Policy (CAP) Reform

The single Common Market Organization (CMO) provides a framework for market measures under the CAP, which is outlined in [Regulation \(EU\) No 1308/2013, and entered into force on January 1, 2014](#). The CAP 2020 reform consists of four [basic regulations](#), supplemented by delegated acts. [Commission Delegated Regulation \(EU\) No 499/2014](#), which entered into force on May 16, 2014, amended the implementing rules for the fresh and processed fruit and vegetables sectors ([Commission implementing Regulation \(EU\) No 543/2011](#)).

These market measures aim to:

a) Create a more competitive and market-oriented sector

Producer Organizations (POs) are still the key elements in the EU's CMO for fruit and vegetables. POs are legal entities established by producers to market commodities, including citrus fruit. EU subsidies are not paid to individual producers but are channeled through POs. In order to qualify for EU subsidies, a PO must create an operational program financed through an operational fund. The EU's financial contribution is paid directly into each PO's operational fund. The calculation of the estimated amount of the operational fund is based on the operational program and the value of the marketed production. As of January 20, 2014, operational programs are approved under the Regulation (EU) No 1308/2013. Commission Delegated Regulation 499/2014 introduced new elements regarding the operational programs and clarified the criteria with which the POs must comply in order to be eligible for EU funding. It also introduced a sanction mechanism in the case of non-compliance.

Fresh fruit and vegetable imports into the EU are checked for compliance with EU-harmonized marketing standards. These standards apply at all marketing stages and include criteria such as quality, size, labeling, packaging, and presentation. Commission implementing Regulation (EU) No 543/2011 provides for a general marketing standard for all fresh fruits and vegetables. Specific marketing standards are still in place for ten products, including citrus fruit. The specific marketing standards are set out in Part B of Annex I to this Regulation: citrus fruit can be found in Part 2 of that same section (p.111).

b) Diminish crisis-related fluctuations in producers' income

To achieve this objective, EU funding is offered under the operational programs for:

- Product withdrawal
- Green harvesting/non-harvesting;
- Promotion/communication tools;
- Training measures;
- Harvest insurance;
- Assistance to secure bank loans, and support for administrative costs associated with setting up mutual funds.

National authorities must determine, in their national strategies, which of these instruments can be funded in their countries. POs may take out loans on commercial terms to finance crisis prevention and management measures. The repayment of the capital and the interest on those loans may be eligible for financial assistance under the operational programs of POs.

c) Encourage increased consumption of fruit and vegetables in the EU

The European "School Fruit Scheme" (SFS) originated in 2009 as a measure to combat child obesity and includes three elements: free distribution of fruit and vegetables in schools, information campaigns on healthy eating habits, and monitoring and evaluation. As in previous years, the EU funds of \$164

million (€150 million) was allocated in the school year 2016/2017 to 25 [Member States](#) that decided to participate in the program - with Sweden, Finland and United Kingdom opting out.

The Regulation on the new School Scheme for Milk, Fruit and Vegetables was published in the Official Journal on May 24, 2016. [Regulation EU No 2016/791](#) will apply as of August 1, 2017.

The sector may also benefit from the European [promotion](#) budget for agricultural products and [quality schemes](#). The Commission reformed its promotion policy with an extension of the product scope and a greater focus on export markets. The promotion budget is increase gradually from \$76 million (€60 m) to \$255 million (€200 m) annually until 2020. National co-funding will no longer be needed and EU associations will be able to apply directly for a program.

d) Increase the use of environmentally friendly cultivation and production techniques

At least 10 percent of operational program funding must be spent on environmental actions that go beyond mandatory environmental standards. MS with recognized POs must draw up a National Framework for Environmental Action (NEF) as part of their “national strategy for sustainable operational program.” The NEF must contain a non-exhaustive list of environmental actions and the conditions applicable to them in the MS concerned.

For information on the CAP after 2014, please see: http://ec.europa.eu/agriculture/cap-post-2013/index_en.htm

2. Certification of Fruit Shipments

Plant products need a phytosanitary certificate to be exported to the EU. Phytosanitary certificates issued by a USDA/Animal and Plant Health Inspection Service (APHIS) inspector are required to accompany fruit, vegetable, and nut shipments. APHIS issues phytosanitary certificates in accordance with international regulations established by the [International Plant Protection Convention of the Food and Agriculture Organization of the United Nations](#). This standard-setting body coordinates cooperation between nations to control and prevent the spread of plant and plant product pests.

[Council Directive 2000/29/EC](#) contains provisions concerning compulsory plant health checks. This includes documentary, identity, and physical plant health checks to verify compliance with EU import requirements. More information can be accessed on DG Health and Consumer Protection's website http://ec.europa.eu/food/plant/organisms/imports/inspection_en.htm.

[Commission Regulation 1756/2004](#) provides for plant health checks to be carried out at reduced frequency when justified. The list of products recommended for plant health checks at reduced levels was issued on [October 22, 2015](#). On an annual basis, the Commission monitors imports of fruit and vegetables to determine how to adjust the frequency of testing consignments.

2. Maximum Residue Levels for Fruit

3.

Maximum Residue Levels (MRLs) for pesticides, including import tolerances, have been harmonized throughout the EU since September 2008. As a marketing tool, some retail chains in the EU adopt private standards that exceed EU regulations by requiring their suppliers to adhere to stricter company policies that limit the maximum residues to 30, 50, or 70 percent of the respective EU MRL. Please find the link to the [EU MRL database](#), as well as to the [USDA MRL database](#) for MRLs worldwide.

4. Tariffs

EU imports of fresh fruit and vegetables are subject to the Entry Price System (EPS) which has been in place in its current form since the Uruguay Round. It is a complex tariff system that provides a high level of protection to EU producers. In this system fruits and vegetables imported at or above an established entry price are charged an ad valorem duty only. Produce valued below the entry price are charged a tariff equivalent in addition to the ad valorem duty. The tariff equivalent is graduated for products valued between 92 and 100 percent of the entry price. The ad valorem duty and the full tariff equivalent are levied on imports valued at less than 92 percent of the entry price.

Commission Delegated Regulation (EU) No 499/2014 has introduced provisions on the entry price system, which aligns the clearance of goods that are subject to the entry price to the Custom Code. These provisions, applicable since October 1, 2014, introduced a flat rate, which is the standard import value, to clear customs when products are sold on consignment.

Tariff levels for 2017 are published in [Commission Implementing Regulation 2016/1821](#). The tariffs for citrus fruit remain unchanged compared to the levels of 2014 and can be found on [page 96](#) for oranges, tangerines, lemons, grapefruit and other citrus fruit, while the tariff for orange juice can be found on [page 163](#).

The United States tends to sell high quality products at higher prices which typically do not face additional duties.

II. Russian ban on agricultural products

On August 7, 2014, the Russian government implemented a ban for one year on a range of agricultural and food products, including citrus fruit, from the United States, the European Union (EU), Canada, Australia and Norway, in response to U.S. and EU sanctions over Russian actions in Ukraine. The CMO rules (see Regulation 1308/2013 in part I) provide various market management tools to stabilize markets and the Commission is also empowered under the reformed CAP to take "exceptional measures" in case of market disruption. As such, the Commission introduced specific market support measures for the European fruit and vegetables sector since the start of the ban in 2014.

[Commission Delegated Regulation \(EU\) 2016/921](#) introduces the new aid scheme for fruit and vegetable producers as the ban continues through 2017. It extends the previous scheme but with a lower budget and ceilings for volumes to be withdrawn. As before, the Commission proposes an additional quantity of up to 3000 tons for all Member States to further stabilize the market. The aid for market withdrawals and free distribution entered into force on July 1, 2016, and producers of fruit and vegetables have until July 31, 2017, to apply for their allocation.

Note: The total volumes of apples and pears that received intervention support from the European Commission are not reflected in the tables of this report, since the numbers were not available at the time of writing.

More information on the Commission's response to the Russian ban can be found here:
http://ec.europa.eu/agriculture/russian-import-ban/index_en.htm